Iowa Secretary of State

Capital Expenditure Budget Narrative

Background

The Secretary of State (SOS) office has continued to operate under the demands of increased Business Filing volume and Elections activity while receiving fewer resources and declining personnel count. This budget request seeks to fill a gap created by the absence of Federal funds and to invest in the replacement of aged infrastructure that has exceeded its life expectancy.

With fewer human resources, the agency has an increased reliance upon technology to meet the demands of our stakeholders. These systems, some of which have been in place since the early eighties, have degraded to the point where operational integrity is beyond reasonable safety.

Our aging infrastructure for both Business Filings and Elections has created system failures, increased maintenance expense, security vulnerabilities and an inability to meet increasing demands for greater efficiency.

With Federal funds exhausted this fiscal year, the SOS is faced with a significant shortfall to both maintain the ongoing expense and to replace infrastructure.

This budgetary request represents the minimum financial requirement to support the re-engineering and re-platforming of our systems over a multi-year period to provide service to Iowa's business community, encouraging participation in and integrity of elections.

Methodology

The Secretary of State's office, in conjunction with the Office of the Chief Information Office (OCIO), engaged in an Information Technology (IT) review of our organization. As part of this study and in preparation for system replacement, we interviewed over twenty five states to understand systems in use, cost of these systems and the implementation time.

In parallel to this research, a Request for Information (RFI) was conducted to understand the vendors in the marketplace and define system capabilities.

This external research, coupled with an internal study of our existing systems, produced the budgetary estimate contained herein.

Budgetary Request

With the evidence-based research conducted with twenty five other states, the plan contains six distinct phases, representing the average amount of time and resources to implement Business Filings and Elections systems.

Even with this plan underway, immediate steps must be taken to safeguard existing systems to provide integrity and service for the duration of the re-engineering effort. These needs cannot be delayed or substituted. The plan below defines five distinct projects for infrastructure replacement which we will describe in detail below.

	Phase I FY16	Phase II FY17	Phase III FY18	Phase IV FY19	Phase V FY20	Phase VI FY21
Business Process Modeling Requirements RFP Generation	$250,000	$250,000				
Business Services Applications	$500,000	$1,534,536	$1,534,536	$1,534,536	$1,534,536	$1,534,536
I-Voters Applications		$1,505,361	$1,505,361	$1,505,361	$1,505,361	$1,505,361
Project Manager Business Analyst		$180,000	$180,000	$180,000	$180,000	$180,000
Existing I-Voters Maintenance	$451,000	$451,000	$451,000	$451,000	$451,000	$451,000
	$1,201,000	$3,920,897	$3,670,897	$3,670,897	$3,670,897	$3,670,897

Project Definition

Business Process Modeling, Requirements and RFP Generation – Best practices as defined by the Project Management Institute (PMI) and research with others recommend a disciplined approach to project definition and careful articulation of the business problems to be solved. This phase represents an investment in the early stages of the project to insure successful outcomes (insert reference URL here).

Business Services Applications – There is an initial immediate investment of $500,000 to digitize and preserve the assets that maintain Iowa business registry history of corporations. To support the digitization effort, SOS storage capacity will require a significant increase in capacity. While this may be a project suitable for cloud storage, our applications will require re-engineering effort to make this storage option a possibility. This line item request represents the re-engineering of our aging systems to manage Business Filings, Uniform Commercial Code (UCC) and Biennial Reporting, to update architecture for improved security and enable cloud storage options. This project represents our most urgent organizational need to replace this aging infrastructure and application architecture. As evidenced through our research with other states, Business Services applications require on average four years to implement and nearly $9MM in resources.

I-Voters Applications – Iowa's I-Voters application for managing elections is approaching ten years of use with architecture meeting its life expectancy. Additional functionality is being requested to improve functionality and the inclusion of electronic poll books. This five year re-engineering investment is based upon data from over twenty other states.

Additional Staffing – To successfully manage and guide these major projects, additional headcount in the form of a Business Analyst, Project Manager and Trainer are required to ensure that our investments are conducted on time and at budget.

Existing I-Voters Maintenance – In the absence of funds from the Help America Vote Act (HAVA), SOS annual appropriations do not meet the annual operating expenses of the state election system. For FY16, we received a supplemental appropriation to partially make up the gap between Federal HAVA

funds and our appropriation. Going forward, additional funds are required to maintain the systems that are in place to provide our operational systems for elections.

## Current - Projected Storage Capacity (in Terabytes)
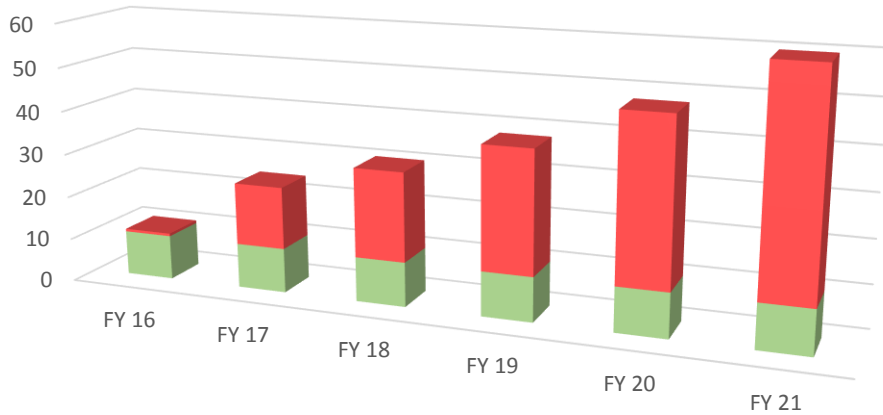
	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
Required Capacity	0.6	14.2	20.4	28.0	37.6	49.6
Current Capacity	10.3	10.3	10.3	10.3	10.3	10.3

Figure 1 - Current & Projected SOS Storage Capacity (in Terabytes)

Our immediate need is to digitize our microfiche and corporate filings libraries will require expanding our storage capacity. As projected in Figure 1, our storage needs will continue to expand and necessitate the evaluation of cloud-based storage options. To consider these new technologies will require an investment in both application re-engineering and planning to preserve these assets for the future.

Elections Funding Composition
(Ongoing IT Expense)
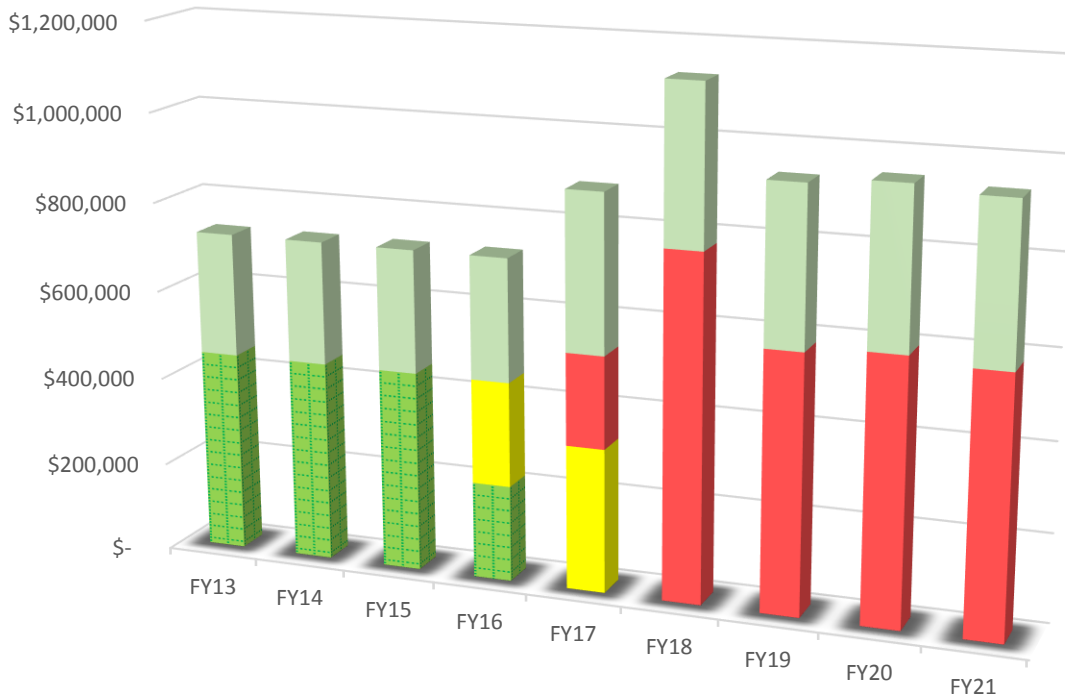
	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
County Maintenance Revenue	$275,000	$275,000	$275,000	$275,000	$354,000	$354,000	$354,000	$354,000	$354,000
Needed SOS Appropriation					$206,170	$775,270	$581,170	$595,270	$581,170
Supplemental Appropriation				$234,000	$325,000				
Federal HAVA Funds	$451,000	$451,000	$451,000	$217,000					

Figure 2 – Elections Funding Gap

The SOS Elections systems were greatly supported by Federal Help America Vote Act (HAVA) resources that are exhausted. Ongoing IT support costs for Oracle licensing, vendor and hardware support will now be reliant upon agency appropriations. In the next Fiscal year, an Oracle upgrade followed by planning for infrastructure replacement will increase our fixed costs to simply maintain Elections functions.

Conclusion

The records contained at the Secretary of State are irreplaceable and are frequently the only formal record of a corporation. Even with the excessive age, these artifacts are used as the basis of purchase and acquisition and it is our responsibility to preserve these resources to maintain business activity in the state.

The consequence of not taking action will leave Iowa and the Secretary of State office exposed to potential litigation and severely impeding the progress of commerce across our state. As the front door

to business in the state, we have a responsibility to maintain the integrity of these systems and provide service to the State of Iowa.

In the absence of one time Federal HAVA funds, our appropriation does not currently provide the funds required to support elections in Iowa.

Additionally, with an aging infrastructure, upgrades are required to maintain, support and fortify the security necessary on these applications.